

# WHEN SOLAR MATTERS SHOW ON A TITLE SEARCH

## WHAT TO KNOW (AND DO) WHEN SOLAR MATTERS APPEAR ON A PRELIMINARY REPORT

Solar panels are a great way to reduce carbon emissions, lower energy costs, create renewable energy, and earn tax credit. With all of these benefits, it's no wonder that homeowners across California are embracing solar energy to power their homes. So, what does this mean for the real estate industry? To start, all solar leases are recorded at the County Recorder's office and reported on the Preliminary Report. When it's time to buy or sell a property with existing solar panels, this matter will show on a title search.

### **Here is everything you need to know when solar matters arise:**

When a homeowner decides to enter into a contract with a solar energy producing company to lease or purchase a solar system for their real property, there is a notice recorded against the title to the real property on which the electricity is generated. The notice is named "Notice of an Independent Solar Energy Producer Contract." This is to establish that an independent solar energy company has entered into a contract for the use or sale of electricity produced by a solar energy system, to an entity or person, for the use in a residence. In addition to the "Notice of Independent Solar Energy Producer Contract" being recorded, a Financing Statement will be recorded to reflect that financing has been provided for

either the lease or purchase of the Solar System.

The recorded "Notice of an Independent Solar Energy Producer Contract" does not constitute a title defect, lien, or encumbrance against the real property. However, the financing statement indicates that there is a lien against the property. The independent solar energy company shall be solely responsible for the accuracy of the information provided in the notice and for recording the documents with the County Recorder.

To extinguish the "Notice of Independent Solar Energy Producer Contract" if the contract is terminated, a document terminating the notice must be recorded. The independent solar energy company must produce the release to extinguish the "Independent Solar Energy Producer Contract." A Termination of the Financing Statement must be recorded as well. If the contract is assigned or assumed by the buyer, the solar energy company is responsible for recording a new "Solar Energy Producer Contract" and Financing Statement under the new ownership name.

**Contact your Title Representative or Title Officer for further assistance regarding solar matters on a preliminary report.**

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